

1
2
3
4
5
6
7 UNITED STATES DISTRICT COURT
8 DISTRICT OF OREGON
9 PORTLAND DIVISION
10

11 **FLIR SYSTEMS, INC.**, an Oregon
12 corporation,

13 Plaintiff,

14 v.

15 **FLUKE CORPORATION**, a Washington
16 corporation,

17 Defendants.
18

No. 3:10-cv-00971-HU

**OPINION AND ORDER ON
TRIAL MOTIONS IN
LIMINE**

19 Devon Zastrow Newman, Schwabe, Williamson & Wyatt, P.C., Portland,
20 Oregon, for plaintiff FLIR Systems, Inc.

21 William A. Brewer III, Michael J. Collins, C. Dunham Biles, and
22 Robert M. Millimet, Bickel & Brewer, Dallas, Texas, for plaintiff
FLIR Systems, Inc.

23 Kenneth R. Davis II and Parna A. Mehrbani, Lane Powell P.C.,
24 Portland, Oregon, for defendant Fluke Corporation.

25 Caroline M. McKay, Dane H. Butswinkas, and Matthew V. Johnson,
26 Williams & Connolly LLP, Washington, District of Columbia, for
27 defendant Fluke Corporation.
28

1 HUBEL, J.,

2 Before the court are Plaintiff FLIR Systems, Inc.'s ("FLIR")
3 and Defendant Fluke Corporation's ("Fluke") motions *in limine*.

4 **I. MOTIONS IN LIMINE**

5 **A. Fluke's Motions in Limine [#305]**

6 Fluke moves the court *in limine* for an order prohibiting and
7 precluding FLIR, its counsel, and its witnesses, both expert and
8 lay, from mentioning, referring to, attempting to introduce into
9 evidence, or in any way exposing the jury to any information
10 concerning any of the following subjects at any time, including
11 during *voir dire*, opening statements, and evidentiary phases of the
12 trial, or closing arguments:

- 13 (1) Evidence or argument concerning untimely and speculative
14 damages allegations (Motion in Limine No. 1);
- 15 (2) Evidence or argument concerning uses of IR Fusion and other
16 terms and phrases containing the word Fusion outside the
17 commercial handheld thermal imaging camera industry (Motion in
18 Limine No. 2);
- 19 (3) Evidence or argument concerning uses of IR Fusion and other
20 terms and phrases including the word Fusion after FLIR began
21 using such terms and, thereby, infringing on Fluke's IR Fusion
22 trademark (Motion in Limine No. 3);
- 23 (4) Evidence or argument asserting that the term fusion was
24 associated in any way with Agema's (FLIR's predecessor)
25 "SuperViewer" product (Motion in Limine No. 4);
- 26 (5) Evidence or argument that Fluke unreasonably delayed in filing
27 its infringement counterclaims after sending a cease and
28 desist letter on August 5, 2010 (Motion in Limine No. 5);

(6) Evidence or argument that Fluke committed fraud on the Patent and Trademark Office by stating in its trademark application that it coined the term IR Fusion (Motion in Limine No. 6); and

(7) Evidence or argument that Fluke has unclean hands based on its use of thermal images in its advertising (Motion in Limine No 7).

1. Motion in Limine No. 1

FLIR is attempting to prove injury and damage through specific lost sales, rather than a general decline in its business. FLIR purports to prove its alleged lost sales through the testimony of several employees (Jalaal Abu Hassan, Derrick Jones, David Doerhoff) and a FLIR distributor (Bret Monroe). According to Fluke, however, the testimony submitted by these individuals came more than four months after the end of fact discovery and "are completely speculative, lack specific details, fail to identify any customers, are based on hearsay, and include irrelevant information." (Fluke's Mot. in Limine at 3.)

The testimony of Derrick Jones and David Doerhoff will be excluded because the allegations submitted by these individuals are based on hearsay. Mr. Jones and Mr. Doerhoff are merely attempting to repeat the out of court statements of FLIR's potential customers regarding their decision not to purchase a FLIR camera based on the drop video. In addition, the proffered testimony lacks any meaningful specificity, such as the name of the potential customer, the number of units at issue, what type of cameras were involved, and the price or FLIR's profit per unit allegedly lost. This makes the testimony speculative.

1 Mr. Monroe's testimony is marginally different. While he can
2 say he lost some sales apparently from his personal knowledge,
3 repeating the reason for the loss of sales learned from out of
4 court statements of unnamed customers, for unknown numbers of
5 cameras, at unknown profit loss for FLIR, if any, will not be
6 allowed.

7 With respect to Mr. Hassan, he may be able to testify
8 regarding (1) his personal, first-hand knowledge of sales to a
9 Middle East customer that went to Fluke on which FLIR was not
10 invited to submit a proposal; (2) proposals made to customers that
11 were also interested in Fluke's cameras; or (3) the success, or
12 lack thereof, of those proposals to the extent his knowledge of
13 (1)-(3) is not based on out of court statements of third parties.
14 However, Mr. Hassan will not be able to testify as to why any sale
15 was lost because such testimony would be hearsay based on the
16 record before the court.

17 While FLIR argues it is somehow the personal business
18 knowledge of the witness who wants to repeat the out of court
19 statements, the exception for a witness's state of mind is not so
20 broad as to admit anything that is said to him or her. The fact
21 that a statement is made to them and becomes something they "knew"
22 and acted upon must be relevant to make the hearsay statement
23 admissible. When it is the fact a statement was made to the
24 witness that is relevant, the truth of the out of court statement
25 is no longer the reason it is offered. Whether it is true or not,
26 the statement having been made is relevant to explain the knowledge
27 base of the repeating witness in deciding his/her course of action.
28 There is no such situation for any of the FLIR witnesses proposed

1 to repeat these out of court statements of unnamed declarants, made
2 at unidentified times, about unidentified sales, that were lost for
3 unexplained profit loss to FLIR.

4 I also note that no testimony has been designated by FLIR for
5 Hassan, Doerhoff or Monroe on its witness charts setting forth its
6 case in chief that were provided to the court. (#337.) To the
7 extent FLIR excluded their testimony from the chart based on the
8 court's anticipated rulings on Fluke's motions *in limine*, the court
9 recognizes FLIR's attempt to preserve the issues for appeal. To
10 the extent FLIR is withdrawing their testimony based on a strategic
11 decision regarding how it intends on presenting its case at trial,
12 it may be abandoning the issues for appeal. FLIR needs to make
13 that clear on the record at the pretrial conference on November 30,
14 2012.

15 **2. Motion in Limine No. 2**

16 Fluke seeks to exclude any reference to the use of the terms
17 IR Fusion or fusion outside the commercial handheld thermal imaging
18 industry.

19 I am denying this motion for reasons stated on the record
20 during November 9 hearing.

21 **3. Motion in Limine No. 3**

22 Motion in Limine No. 3 concerns FLIR reference to uses of the
23 terms IR Fusion and fusion by companies other than FLIR after FLIR
24 began allegedly infringing on Fluke's mark.

25 Motion in Limine No. 3 is denied. Whether FLIR will, or will
26 not, be allowed to benefit from an argument that its use of the
27 mark renders it generic will be handled by way of jury
28 instructions.

1 **4. Motion in Limine No. 4**

2 Motion in Limine No. 4 concerns Fluke's expectation that FLIR
3 may attempt to argue that it introduced "Fusion" or "fusion" to the
4 marketplace through the "SuperViewer" product, which was marketed
5 for a short time in the 1970s by Agema, a Swedish company that FLIR
6 later acquired. According to Fluke, however, this argument would
7 be prejudicial because "the only document concerning the
8 SuperViewer product that was produced by FLIR does not include the
9 term 'fusion,'" and no FLIR witness claims personal knowledge of any
10 use by A[gema] of the term 'fusion' in association with that
11 product." (Fluke's Mot. in Limine at 11.)

12 I am denying this motion for the reasons, and subject to the
13 limitations, stated on the record during the November 9 hearing.
14 FLIR may briefly, but carefully go into the development of fusion
15 functionality. This testimony will be heard outside the presence
16 of the jury initially to determine if it will be admitted.

17 **5. Motion in Limine No. 5**

18 Motion in Limine No. 5 concerns evidence or argument that
19 Fluke unreasonably delayed in filing its infringement counterclaims
20 after August 5, 2010 (the 2-year anniversary of Fluke's original
21 cease-and-desist letter).

22 Motion in Limine No. 5 is granted. Issues concerning the
23 motion practice in this court after the case was filed on August
24 17, 2010, and the timing of the actual answer asserting the
25 counterclaims is not time that the jury will be allowed to consider
26 on the issue of FLIR's laches defense. Time before August 17, 2010
27 can be argued toward the laches defense, but it is complicated by
28 the initial cease-and-desist letter Fluke sent to FLIR, and FLIR's

1 response to it. Thus, the motion is granted as to any evidence of
2 events after August 17, 2010, and any argument about such time with
3 respect to the laches defense to Fluke's claims.

4 **6. Motion in Limine No. 6**

5 Motion in Limine No. 6 concerns statements or implications
6 that Fluke committed fraud on the Patent and Trademark Office
7 ("PTO") by stating in its trademark application that it coined the
8 term IR Fusion. In its response, FLIR represents that to the court
9 that it does not intend to argue that Fluke committed fraud on the
10 PTO. What exactly it does intend to offer or argue is unclear.

11 Motion in Limine No. 6 is granted, at this time. If FLIR
12 provides the court with its best case on the issue, the court is
13 willing to consider revisiting this issue before trial.

14 **7. Motion in Limine No. 7**

15 Fluke seeks an order *in limine*, barring evidence or argument
16 that Fluke has unclean hands based on its use of thermal images in
17 its advertisements.

18 Motion in Limine No. 7 is denied. Although Fluke's allegedly
19 false advertising is argued to be limited to one brochure, the
20 record does not indicate how many of these brochures were
21 distributed and/ or reached consumers via trade shows or otherwise.
22 Without this information I am unable to evaluate the egregiousness
23 of the conduct that is the subject of FLIR's unclean hands defense.

24 In addition, although Dr. Madding's testimony regarding
25 additional Fluke advertisements that contained high resolution
26 images superimposed on the LCD screens of lower resolution cameras
27 has been excluded, such advertisements may be used on cross-
28 examination of witnesses or perhaps in other ways to establish the

1 alleged inaccuracy of Fluke's claim that it inadvertently used this
2 practice in only one brochure.

3 Finally, as I noted during the November 9 hearing, however,
4 FLIR's unclean hands defense is limited to superimposed images. I
5 do not consider the use of stand alone images not superimposed on
6 the view finder incapable of an image of that resolution
7 sufficiently similar to be considered on an unclean hands defense.

8 ***B. FLIR'S Motions in Limine [#308]***

9 FLIR moves the court for an order granting the following
10 motions *in limine* in order to ensure a fair trial for FLIR in this
11 case:

- 12 (1) Fluke should not be permitted to introduce evidence of FLIR's
13 participation in a confidential Fluke webinar because such
14 testimony is irrelevant, confidential, and likely to unfairly
15 prejudice the jury (Motion in Limine No. 1);
- 16 (2) Fluke should not be permitted to introduce evidence of
17 unrelated litigation involving FLIR because such evidence is
18 irrelevant to the conduct alleged in this case and likely to
19 unduly prejudice the jury (Motion in Limine No. 2);
- 20 (3) Due to Fluke's spoliation of the Fluke Ti32 thermal imager
21 displayed in the video, Fluke should be precluded from
22 introducing any evidence concerning the condition of the
23 cameras displayed in the video (Motion in Limine No. 3);
- 24 (4) Fluke should be precluded from introducing any evidence
25 generated by FLIR's testifying expert witnesses in their
26 capacity as a consulting expert witness (Motion in Limine No.
27 4);

- 1 (5) Fluke should be precluded from referring to the video as the
2 "drop video" (Motion in Limine No. 5);
- 3 (6) Fluke should be precluded from asserting an unclean hands
4 defense in response to FLIR's false advertising claim based on
5 the video (Motion in Limine No. 6);
- 6 (7) Fluke should be precluded from seeking lost profits at trial
7 because Fluke's expert testimony is speculative and Fluke
8 cannot prove FLIR caused any damage to Fluke (Motion in Limine
9 No. 7);
- 10 (8) Fluke should be precluded from contradicting its judicial
11 admission regarding the sophistication of thermal imaging
12 customers (Motion in Limine No. 8);
- 13 (9) Fluke should be precluded from introducing evidence of its
14 newly issued trademark into the case (Motion in Limine No. 9);
15 and
- 16 (10) Fluke should be precluded from referencing FLIR's development
17 of its new E-series cameras to meet a 2-meter drop standard
18 because it is irrelevant to any claim in this action.

19 **1. Motion in Limine No. 1**

20 Motion in Limine No. 1 concerns any evidence referencing
21 FLIR's participation in a confidential Fluke webinar because such
22 testimony is irrelevant, confidential, and likely to unfairly
23 prejudice the jury.

24 Motion in Limine No. 1 is granted, insofar as the parties have
25 agreed to (1) redact any reference to the webinar that is the
26 subject of this motion from their exhibits; and (2) not offer any
27 testimony regarding the webinar.

28 ///

1 **2. Motion in Limine No. 2**

2 Motion in Limine No. 2 concerns evidence of unrelated
3 litigation involving FLIR. According to FLIR, Fluke has designated
4 as trial exhibits two decisions from a former FLIR legal matter in
5 which FLIR sued a former employee for trade secret
6 misappropriation. Fluke argues that part of FLIR's business
7 strategy "involves using litigation as a competitive tool to
8 reinforce its position in the marketplace." (Fluke's Resp. at 3.)

9 Motion in Limine No. 2 is granted. The prior decisions
10 involving FLIR are not relevant to this litigation and would be
11 unfairly prejudicial to FLIR. FRE 403. The case does not need to
12 be expanded into issues outside those directly raised by the claims
13 in this case.

14 **3. Motion in Limine No. 3**

15 Fluke no longer has the Fluke Ti32 that it contends survived
16 the drop test. FLIR asserts that there has been spoliation and
17 Fluke should be precluded from introducing evidence concerning the
18 condition of the cameras depicted in the video.

19 Motion in Limine No. 3 is denied. A party "engage[s] in
20 spoliation of [evidence] as a matter of law only if they had some
21 notice that the [evidence was] potentially relevant to litigation
22 before [it was] destroyed." *United States v. Kitsap Physicians*
23 *Serv.*, 314 F.3d 995, 1001 (9th Cir. 2002) (internal quotation marks
24 omitted). The duty to preserve evidence only arises pre-litigation
25 when litigation was "reasonably foreseeable," not where it was
26 "merely possible." *United States ex rel. Berglund v. Boeing Co.*,
27 835 F. Supp. 2d 1020, 1051 (D. Or. 2011). Here, there simply is
28 nothing in the record indicating that litigation was "reasonably

1 foreseeable" or that Fluke was on notice that it needed to preserve
2 the Fluke Ti32 that was the subject of the drop test video.

3 FLIR has not developed a record sufficient to support a
4 spoliation finding. FLIR is free to argue what it wants the jury
5 to conclude from the unavailability of the FLIR Ti32 used in the
6 drop video short of a spoliation instruction.

7 **4. Motion in Limine No. 4**

8 Fluke should be precluded from introducing any evidence
9 generated by FLIR's testifying expert witnesses (i.e., Dr.
10 Isaacson, Dr. Madding, and James Seffrin) in their capacity as a
11 consulting expert witness.¹

12 Motion in Limine No. 4 is granted as to Dr. Isaacson's survey
13 on the secondary meaning of IR Fusion as it is not remotely related
14 to his survey on the drop test video. However, Fluke will be
15 allowed generic cross-examination on his survey methodology without
16 reference to the subject matter of the consulting work survey.

17 Motion in Limine No. 4 is granted with respect to Dr. Jacoby
18 as his testimony was excluded in ruling on the *Daubert* motions.

19 As to Dr. Madding, Motion in Limine No. 4 is granted, but Dr.
20 Madding can be cross-examined about his knowledge regarding the use
21 of imagery in FLIR's ads from his work as their employee or
22 consultant in the past since it relates to the subject of his
23 expert testimony regarding Fluke's use of superimposed images in
24 its ads in the sense that his views regarding the practice done by
25 FLIR can be compared to his view on how it is done by Fluke.

27 ¹ Motion in Limine No. 4 also concerned Dr. Jacoby. Because
28 the court excluded Dr. Jacoby's testimony under *Daubert*, it will
not be addressed in this Opinion and Order.

1 With respect to Seffrin, Motion in Limine No. 4 is granted. He
2 has been previously precluded from criticizing Morones for making
3 assumptions in her work, but he is allowed to testify about his
4 experience as a consumer or user of thermal imaging cameras and the
5 relative attractiveness, if any, of the fusion capability. He is
6 also allowed to discuss the distinctiveness and strength of the
7 fusion mark based on his experience in the industry. I have yet to
8 see how that testimony will suggest his consulting work for FLIR is
9 relevant for cross-examination.

10 **5. Motion in Limine No. 5**

11 FLIR wants Fluke to be precluded from referring to the video
12 as the drop video. Instead, FLIR prefers that Fluke only refer to
13 the video as the "drop test video."

14 Motion in Limine No. 5 is denied. It would be highly
15 impractical to enforce this motion at trial. Absent a legitimate
16 basis to preclude the use of a particular term to describe the
17 video, it is for counsel to choose the words they prefer to
18 describe it.

19 **6. Motion in Limine No. 6**

20 FLIR wants Fluke to be precluded from asserting an unclean
21 hands defense in response to FLIR's false advertising claim based
22 on the drop video. In its trial memorandum, Fluke asserted that
23 FLIR has falsely advertised the drop test capabilities of its own
24 cameras, and engaged in literally false advertising comparing its
25 thermal imaging cameras to Fluke's cameras.

26 Motion in Limine No. 6 is denied. "The equitable defense of
27 unclean hands bars relief where the plaintiff has engaged in unfair
28 or inequitable conduct, and such conduct is *related to the subject*

1 matter of the plaintiffs' claims in the case." *Hana Fin., Inc. v.*
2 *Hanna Bank*, No. 07-1534, 2011 WL 2581458, at *5 (C.D. Cal. June 29,
3 2011) (emphasis added). The subject matter at issue in this case
4 is FLIR's and Fluke's cameras ability to withstand a 2-meter drop.
5 I cannot say that FLIR's conduct is not related to the subject
6 matter of its false advertising claim. Moreover, FLIR's claim for
7 damages based on the drop video includes time when FLIR is alleged
8 to have been falsely advertising its own camera's ability to
9 withstand a drop test. It is not as if the conduct alleged
10 happened at a time different from that for which FLIR seeks damages
11 here.

12 **7. Motion in Limine No. 7**

13 FLIR asserts that Fluke should be precluded from introducing
14 any evidence of alleged lost profits because (1) Fluke's damage
15 expert, Serena Morones, admitted at her deposition that she has no
16 particular lost profits figures to present to the jury in
17 connection with Fluke's false advertising and trademark
18 infringement claims; and (2) Morones has failed to establish
19 causation.

20 Motion in Limine No. 7 is denied. As I informed the parties
21 at the November 9 hearing, however, this matter may need to be
22 revisited at trial in the form of a motion testing the ability of
23 Fluke's evidence to support a damage award when it is all before
24 the court.

25 **8. Motion in Limine No. 8**

26 FLIR wants Fluke to be precluded from contradicting its
27 "judicial admission" regarding the sophistication of thermal
28 imaging customers.

1 Motion in Limine No. 8 is denied. The Local Rules for the
2 District of Oregon acknowledge that parties routinely amend their
3 claims in the pretrial order, and such amendments are routinely
4 permitted.

5 **9. Motion in Limine No. 9**

6 FLIR argues that Fluke should be precluded from introducing
7 evidence of its newly issued trademark (e.g., IR-Fusion logo with
8 a hyphen in it) into the case.

9 Motion in Limine No. 9 is granted. Fluke contends that
10 several actions taken before, and by, the PTO with respect to its
11 newly issued mark are relevant to this proceeding. I disagree.
12 Fluke will be entitled to a presumption that its IR Fusion mark
13 (not its newly issued mark) is not generic because it is federally-
14 registered, see *Yellow Cab Co. of Sacramento v. Yellow Cab of Elk*
15 *Grove, Inc.*, 419 F.3d 925, 927 (9th Cir. 2005), and it will be up
16 to the jury to decide which category Fluke's mark fits within. See
17 *Fortune Dynamic, Inc. v. Victoria's Secret Stores Brand Mgmt.,*
18 *Inc.*, 618 F.3d 1025, 1031 (9th Cir. 2010).

19 The PTO "did not have before it the great mass of evidence
20 which the parties have . . . presented to . . . this court in
21 support of their claims," *Carter-Wallace, Inc. v. Procter & Gamble*
22 *Co.*, 434 F.2d 794, 802 (9th Cir. 1970), and I do not want to
23 confuse the jury or lead them to believe that the PTO's action
24 regarding Fluke's newly issued mark is somehow conclusive with
25 respect to which category Fluke IR Fusion mark fits within.

26 ///

27 ///

28 ///

1 **10. Motion in Limine No. 10**

2 FLIR wants Fluke to be precluded from referencing FLIR's
3 development of its new E-series cameras to meet a 2-meter drop
4 standard "because it is irrelevant to any claim in this action."

5 Motion in Limine No. 10 is denied. This evidence is relevant
6 to Fluke's unclean hands defense, and it may develop that it has
7 some relevance to issues regarding FLIR's product testimony
8 depending how FLIR describes that claim in its presentation of the
9 evidence to the jury.

10 **II. CONCLUSION**

11 Consistent with the discussion above, Fluke's motions (Docket
12 No. 305) *in limine* are GRANTED in part and DENIED in part; and
13 FLIR's motions (Docket No. 308) *in limine* are GRANTED in part and
14 DENIED in part.

15 IT IS SO ORDERED.

16 Dated this 29th day of November, 2012.

17 /s/ Dennis J. Hubel

18 _____
19 DENNIS J. HUBEL
20 United States Magistrate Judge
21
22
23
24
25
26
27
28